

**Minutes of the
Northern Lights / Bayfield County Special Study Committee Meeting
1:30pm, June 5, 2023**

**Meeting was held Remotely through Microsoft Teams and in person in the Bayfield County
Emergency Operations Center, Washburn, WI**

Members Present: Jeff Silbert, Mary Dougherty, Mark Ehlers, Ellen Avol-Law

Members Excused: None

Others Present: Mark Abeles-Allison-County Administrator, Paige Terry-Clerk III, Carrie Linder-Bayfield County Human Services Aging & Disability Services Manager, Kellie Pederson-UW Extension Community Development Educator, Kim Mattson-Bayfield County Accountant, Michelle Stouffer-Acting Northern Lights Administrator, Rene Eastman-Vice President of Financial and Regulatory Services for Leading Age Wisconsin

Called to order at 1:31 p.m. by Mark Abeles-Allison, Bayfield County Administrator.

Election of Chair and Vice-Chair:

Motion was made by Silbert, seconded by Avol-Law to nominate Dougherty as Chair. Abeles-Allison asked for other nominations. No other nominations were made. A motion was made by Ehlers, seconded by Silbert to close nominations and cast a unanimous vote for Dougherty as chair. Motion carried.

1:36 p.m. – Dougherty took over the meeting as chair.

Motion was made by Dougherty to nominate Ehlers as Vice Chair, seconded by Avol-Law. Dougherty asked for other nominations. No other nominations were made. A motion was made by Silbert, seconded by Dougherty to close nominations and cast a unanimous vote for Ehlers as vice-chair. Motion carried.

Purpose Statement: Abeles-Allison read the draft purpose statement to the committee. Ehlers requested that the word “brief” be removed. UW Extension Community Development Educator, Kellie Pederson, questioned the meaning of success in the statement. The committee discussed the proposed purpose statement. After discussion, the committee agreed on the following purpose statement: “Conduct a comprehensive assessment of the short- and long-term viability of the Northern Lights facility, which will include the market as a whole and the current non-profit model that is being used by Northern Lights and create a clear delineation of the roles and responsibilities of a Bayfield County and Northern Lights Board collaboration in time for the Bayfield County 2024 budget considerations.”

Meeting Schedule, Time, and Location: The committee set the following meeting schedule:

- Monday, June 19, 2023 at 1:30 p.m. (EOC)
- Wednesday, July 12, 2023 at 1:30 p.m. (EOC)

- Monday, July 24, 2023 at 1:30 p.m. (EOC)
- Monday, August 7, 2023 at 1:30 p.m. (EOC)
- Monday, August 21, 2023 at 1:30 p.m. (EOC)

Northern Lights Structural Overview and History: Abeles-Allison gave a brief history on Northern Lights. Northern Lights received a bond back in 2006 and was making payments every month until 2016/17 when the facility began to experience financial troubles and asked to have their loan payment reduced. Abeles-Allison reported that the county is expected to pay off their original bond on the facility by 2027. Bayfield County Human Services Aging & Disability services Manager, Carrie Linder spoke the number of services that have previously been contracted through Northern Lights. Silbert informed the committee that it was recommended that the facility reduce to 50 beds to save money on a bed tax. Vice-President of Financial and Regulatory Services for Leading Age Wisconsin, Rene Eastman, explained that the bed tax charges facilities \$170 per bed per month and stated that facilities with 50 beds or fewer receive an additional incentive in Medicaid rates for small facilities. Ehlers stated that the Northern Lights Board had previously been under the impression that the facility was viable and financially sound with no complaints but became aware of numerous issues that reflected the poor financial state of the facility. Avol-law informed the committee that acting Northern Lights Administrator, Michelle Stouffer, is currently in school to receive her license required to continue as administrator.

Northern Lights Financials:

- a) **Statement Review, 2020 and 2021:** Ehlers reviewed the 2020 and 2021 financial statements. Northern Lights lost approximately \$600,000 in 2021 and \$346,000 in 2020. Ehlers reported that the facility will be receiving an estimated \$85,000 as a refund from the IRS for Medicaid reimbursement rates. Silbert asked Ehlers if the refund would be able to be used throughout the facility. Ehlers explained that Northern Lights intends to use the funds to pay off the existing line of credit and their accounts payable.
- b) **2023 Cash Flow Review:** Ehlers reviewed the 2023 cash flow for Northern Lights and informed the committee that the facility expects to be positive \$100,000 by the end of the year. Pederson asked if the COVID-19 funds that were received were an improvement or a hindrance. Ehlers replied that the funds were an improvement as the facility would not have been able to stay open otherwise. Silbert asked Rene Eastman, Vice President of Financial and Regulatory Services for Leading Age Wisconsin, if other facilities throughout the state were experiencing similar delays with the Medicaid reimbursements. Eastman answered yes and explained that these reimbursements normally take a while but have been delayed worse this year. The committee reviewed practices that Northern Lights have implemented to help save money.
- c) **Capital Projects**

Pederson asked what the primary focus of the committee would be. Dougherty stated that the committee should not be involved in the operations of Northern Lights and should focus primarily on the structure of the facility. The committee agreed.

How Nursing Homes Survive: Eastman reviewed a number of options that Northern Lights may research to assist with increasing revenues, which included Medicaid reimbursement

increases, private pay increases, and checking all other revenue sources to ensure revenue is being collected. Other options included converting to an assisted living facility rather than a skilled care facility and tightening the nurse staffing ratios. Eastman continued by explaining there is no bed tax for assisted living facilities, but the reimbursement rates are lower. Beds that are delicensed from a skill nursing facility are unable to be relicensed, so Northern Lights will need to use its judgement on if the facility would survive as assisted living. A question was raised regarding if a portion of the Northern Lights facility could be converted to an assisted living facility while the rest remains a skilled nursing facility. Eastman answered that it was possible, but there are additional challenges having the facilities in the same building as the assisted living facility will need proof that it is integrated with the community and not an institutional setting. Silbert asked if Eastman had any suggestions acquiring all of the accounts receivables. Ehlers added that the facility is having difficulties receiving payment from private pay clients that do not pay and have difficulties applying for Medicaid. Eastman recommended that those clients work with the Bayfield County ADRC for assistance. Linder explained that the ADRC has been assisting Northern Lights clients apply for Medicaid and stated that the county did not have the staff to help all Northern Clients apply for Medicaid one-on-one. Abeles-Allison asked if facilities are facing staffing struggles throughout the state. Eastman replied yes and suggested that Northern Lights review the division of labor throughout staff to ensure that the license employees are not overburdened.

Next Meeting Topics:

The committee discussed future meeting topics which included presentations from other non-profit and for-profit facilities throughout the state to help Northern Lights compare its current model to that of a facility of a similar size, reviewing the current model, reviewing other county-owned facilities in the state, and exploring the potential of putting the facility up for sale so it may be acquired by a for-profit buyer.

Next Meeting Dates:

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Meeting adjourned at 3:06 p.m.

Respectfully submitted by Paige Terry.